Management Discussion

Bose - Analyst, Arihant Capital
Good afternoon, everyone. This is the final day of Connect Conference 2026, September Edition by Arihant Capital. I welcome you all to the call of Safety Controls & Devices Limited. Today, from the management, we have Mr. Abhishek Chopra, Director; and Mr. Manish Manocha, financial advisor for the company side.

Also, before I lay over the call to the management, I'll lay out the flow of the event. We'll start with the presentation by the management, and then we'll move to the Q&A. Any participant who'd like to ask the question, can raise their hand or put them in the chat box. First, we'll take the question from the people who have raised hand and chat and then move to the chat box. If time permits, we'll take the questions I have received from the clients who have not been able to participate. First, please note, we'll take the first question at the five minutes before the end of session, which is 12:55.

Now I am handing over to Abhishek ji and Manish ji.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Thank you, Bose [Phonetic]. A very good afternoon to everyone. I'm Abhishek Chopra this side and a very proud third generation into the family business. Can we have the presentation, please? Is anybody sharing it?

Bose - Analyst, Arihant Capital
I have already -- see, I've already given you co-host right, sir. You could do that.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
I don't have it with me on this laptop. Just give me a second. I'll do one thing. Rather than going slide by slide, I'll just give you a company's brief.

Bose - Analyst, Arihant Capital
I have made Mr. Manish ji also co-host just in case.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
That's totally fine. That's totally fine.

Bose - Analyst, Arihant Capital
So, if he has -- because if you are not being able to do that, he can also share the presentation. Both of you are now in co-host mode.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Just a second.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Just give me a second, I'll just check the presentation. Just give me a second.

Bose - Analyst, Arihant Capital
Manish ji?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yeah, I've just got the file. I'm just opening it. Just give me a minute.

Bose - Analyst, Arihant Capital
Okay, sir.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Yeah, I hope you guys can see this.

Bose - Analyst, Arihant Capital
Yes, sir.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Right. So, rather than going slide by slide, I'll just give you a company's brief what we are currently doing and from where we started from. We started off with the fire protection services and again on EPC basis itself. Then this was back in 1997. Then in 2004, we started diversifying into supplies of electrical substation equipments like transformers, CVT, circuit breakers, etc. And in 2007, we got our first substation contract and we executed it on a turnkey basis. It was a 220 kV AIS substation, and then later on we kept adding feathers to our cap by energizing UP's first 220 kV GIS. This was the first in the entire state of Uttar Pradesh, and later on we built up to 400 kV AIS. This was somewhere around 2018 or '19.

Then recently -- I'll give you a brief of our order book as well. So, this is the current order book that we are sitting on. It is a total about INR590 crores approximately. Of late, what we've done is we've shifted our focus towards PSUs since payment terms are much better and it's much more easier to work with them. As you can see, point number one and two are very prestigious projects for us. So, we are building a 400 kV pooling substation for NTPC valued at INR137 crores and INR112 crores, the base out of Bikaner and Barethi, respectively. And we've -- so there's this one, all thanks to our honorable PM. So, he has given an initiative of about 100 gigawatt for solar.

So, in this scheme, the way it helps us is that the more the solar parks are going to come, the more substations are going to come. So, for every generation of solar plant, they'll be requiring a transmission end. So, transmission end is where we come in and we build substation so that the energy generated from solar park is transmitted through our substations. And this is the first time we have ventured into Rail Vikas Nigam Limited. It is our company -- since the inception of a company, it was the first project that we've bagged for railways.

And another thing that I would like to point out, point number six and seven, they -- these two contracts have been energized just about couple of months back. Is a very unique project. It has a hybrid substation and we are transmitting energy directly to Jewar International Airport. And then this number seven point, which is 220 kV GIS substation, this is transmitting energy directly to Adani's -- one of Adani's data center.

And lastly, at point number eight, you can see 765 kV AIS substation. So, we are hopeful that this may be commissioned in the next month or in the next couple of months, and once this is commissioned, we'll be able to qualify for 765 kV level jobs. So, I won't bore you with the technicalities here but to give you a rough idea. So, up to 400 kV jobs -- the tenders that we usually bid for, the 400 kV jobs that we bid for, the bidders that we get, the competitors that we get, the peers that we get in those tenders are MNCs. So, this is where we have an upper edge. MNCs like Tata Power would be there, Jakson would be there, Kalpataru, and many more like them.

And we are a very small -- the reason why I'm telling you this is because we are a very small MS -- small-scale MSME. And despite of that fact, we -- the technical credentials that we hold are -- we

are directly competing with the bigger players in the market.

Manish, I would request you to take over, please for the financials part.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yeah, thank you, Abhishek. Good afternoon, everyone. Yeah. Our revenue has been constant in last four, five years except barring last two years. For financial year '23-'24, it was ranging somewhere around INR55 crores. That another year same level. '24, '25, we finished -- we closed at INR102.56 crores. Last year we closed at INR117.01 crores.

This year, we are expecting to close somewhere around INR190 crores to INR200 crores and our margin have last year has also increased. In FY '24-'25 our PAT was up somewhere around 7%, 7.5%. Last year, it was more than 12%. Same happens for the EBITDA margin also. There have been a constant increase in our EBITDA margin and last year we were able to have it somewhere around 18%.

[Indecipherable] can we show the next slide, please. Now, this is the overview of our revenue from operations. This is the half yearly '26 and half yearly '25 in the income statement. Here you can see our revenue is increasing, our EBITDA margin is good, net profit margin is again increasing. This is a graphical representation of what we had in the last slide we have shown to you.

Next slide, please. Again, the comparison of revenue, the expenses, the margins, if you see our net profit in FY '25-'26 was INR14.42 crores as compared to INR7.64 crores in FY '24-'25, though there was just not much increase in the top line, but our PAT just doubled from somewhere around 7.5% to 12.5%.

Next slide, please. This is the overview of a balance sheet. This is before the IPO as a company was listed in this financial year. So, before the listing, we were having a total equity reserve -- including reserve of INR58.75 crores as compared to INR40 crores during last financial year. And if you see our liabilities have also been slightly decreasing as compared to the top line.

Next slide, please. This is the area where we are really focusing upon that is the net cash flows from operating activity. Our business model is such that there is a huge amount of retention. Like Abhishek told you earlier, we were earlier focusing on state PSUs. But I think last to last year, we shifted our focus from state PSU to central PSU. The current -- if you talk about the current order book, the majority is coming from the central PSUs.

Basically, there are two reasons -- main reasons for that. Number one is the retention amount. In state PSUs, we are having a retention of 30%. Of that 30%, 20% is received a milestone -- milestones and 10% remain stuck till the project is completed. However, in central PSUs, the retention is just 15%, just half what the state PSUs are taking from us. Out of the 15%, 10% realized in milestones and 5% again once the project is completed.

So, if you see the debtors as on 31st of March last year or before that are always were quite high. This was primarily the reason because of that one retention amount. And second, state PSU doesn't have the fund for the entire year. Then they generally have the fund for -- during a certain period of time only. So, majority of the billing in last financial year or before that was coming in last two months.

If we talk about financial year '25-'26, where turnover, where the top line was INR117 crores, some INR50 crores, INR60 crores came in last two months only and that was the case in the previous years also. However, central PSU scenario is different. The retention is low, number one. Number

two, the payment is available throughout the year.

So, we are expecting that -- but definitely since we already having state PSU's order, this will not be automatically we reduce our immediately. It will take some time, maybe by March '27 or maximum by September '27. But yes, our debtors ratio will certainly go down. So, this is the breakup of the various ratios. If you see their goal, they are all going towards a healthy sign last financial year, and this year it will again better.

Next slide, please. So, this is just a breakup of all the revenue. Currently, we are focused on substation only. Thanks to our honorable PM who have come with this solar -- various solar schemes, the PSUs and other entities are developing solar park, large-scale solar parks. Now here these solar parks are being developed by other entities, but for evacuation they need a substation, and for substation we come in. So, currently our focus is totally on the substation part.

And like Abhishek said, we recently got a tender from TUSCO. It's a new entity. It's a JV between UPNEDA and Tehri Dam. We have got a tender which includes the transmission lines also. So, this is the first tender where we are working on the transmission lines and once it is completed this will be again a good scope in future for us.

Next, please. I think that will be all. Thank you so much.

Questions & Answers

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
We are open to question-answers.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
So, I think there are some questions here.

Bose - Analyst, Arihant Capital
Sir, first question. Sir, can we do one thing? First question, can we take it from the people who have raised their hand and then we can [Speech Overlap]

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Yeah, yeah, of course. Of course.

Bose - Analyst, Arihant Capital
So, if you permit, sir. Pricha [Phonetic], you can ask the question, please. We have given you [Speech Overlap]

Pricha - Analyst
Yeah. Am I audible, sir?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Yeah. Hi.

Pricha - Analyst
Yeah. Hi, sir. Good afternoon. Sir, my question was all the orders you have shown. So, these all are of EPC work, right? Is that understanding correct?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
That's right.

Pricha - Analyst
Yeah. And sir, my second question was, what's the timeline for the execution of these orders?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
It depends from, I mean, from order to order, given the scope of work. But on an average, you can say two to three years, couple of years at the bare minimum.

Pricha - Analyst
Two to three years. Okay. And sir, last question was, what would be the guidance for FY '27 and FY '28, if you could share?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Guidance in [Speech Overlap]

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
FY '27, like I told, we are expecting somewhere top line to be 100 -- between INR180 crores to INR200 crores and FY '28, INR275 crores to INR300 crores.

Pricha - Analyst
Okay, sir. And sir, the margins would be same or it will be improving?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
No, we are expecting the margin to remain between 12% to 13%, the PAT ratio in next three to four years.

Pricha - Analyst
Okay. And sir, what would be the interest cost for this year?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
That will be slightly lower than the last year because our debts have reduced.

Pricha - Analyst
Got it, sir. Got it. Thank you and all the best.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Thank you so much.

Bose - Analyst, Arihant Capital
There are a lot of questions in the chat box, so we'll take the first question. Fire protection was the company's original business, now only contribute 2%. Given the growth in safety requirement, do you see this segment evolving in next three to five years? Are you targeting fire suppression solutions like players like Shigan Quantum [Phonetic] has established position?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
So, like I said, our main focus substation. And if you compare the orders of fire protection, they aren't much like INR1 crore or INR2 crore order would be would be there in fire protection jobs. But however, in substations, we qualify and we have 10 -- we have projects worth INR100 crore. So that

is where the -- our revenue churning arm is always -- has always been through substations.

Bose - Analyst, Arihant Capital
The next question is from -- our order book is 2.8 times revenue, yet debtor days are 379 days. As you bid for new projects, are you becoming more selective about payment terms? Also, if you can talk more about FY '27, '28, '29, how you see the revenue and margins.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Okay. Like I said before, our focus has shifted from state PSUs to central PSUs. It is only because of the retention. There are two, three reasons. First is the retention, like I said before, the retention of this debtors is increased to 375 days. Only the major reason is the retention part. If we are raising an invoice to state PSU of INR100, we are just getting INR30 -- INR70, 30% goes into retention. So, this is forming a major part of the debtors, which has been held up. State PSU's retention is just half what is in this state PSUs -- sorry, central retention just half. So -- and currently have the majority of order book is from central PSUs.

We have already bid for new tenders somewhere around INR250 crores to INR275 crores, majority is again coming from central PSUs. So, we are expecting that this debt -- this number of days of trade retention will gradually grow down, maybe by March or by September next year, but that will be -- it will be the permittable limit. And for next FY '28, as we -- as already told you, I was expecting our top line to somewhere around INR275 crores to INR300 crores with the same ratio of profit margin. And next five years, we are expecting to have a top line between of somewhere around INR600 crores.

Bose - Analyst, Arihant Capital
Next question is from -- lot of EPC players are there. What is the moat we are having relatively to other players? And also, '27, '28, sir, you didn't give the numbers.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
'27, '28, somewhere around INR275 crores to INR300 crores.

Bose - Analyst, Arihant Capital
FY '28, this is talking about FY '28, sir?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yes, yes.

Bose - Analyst, Arihant Capital
And this year, sir?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
This year, somewhere around INR180 crores to INR200 crores.

Bose - Analyst, Arihant Capital
And this is on the basis of current order book, sir?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yes, yes.

Bose - Analyst, Arihant Capital
Okay.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
I think we will be supplying transformers. The current projects, we need to supply five transformers to NTPC in Barethi and Bikaner. And out of these five transformers, we are at least expecting three to be supplied in this financial year. And the value of these transformers is somewhere around INR60 crores. So, quite easily, we are expecting INR180 crores to INR200 crores this year.

Bose - Analyst, Arihant Capital
Okay. Sir, what is the -- is there at some point of time, from an EPC player, do we have plan to get into a product company, the kind of relationship we are having with various players?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
We are also thinking of entering into manufacturing sector, but that is very preliminary. We have started working on it, but it is very preliminary to help comment upon it right now.

Bose - Analyst, Arihant Capital
Okay. The next question is, what is -- what you say next, which concentration risk you -- do you want to intend to reduce first? Customer concentration or geographical concentration?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
We definitely want to shift our base from central state to central PSUs, which we are already doing because like I told, the retention amount, the payment at the state PSU is not available all the throughout the year due to which we have to do the billing in the last two months of the financial year only. So, as of the balance sheet, the debtors are high. So, the geographical concentration is not that problem, but yes, definitely want to shift to more central PSUs. Currently, we are working just two or three, but we definitely want to have a larger picture with us, more PSUs, central PSUs with us.

Bose - Analyst, Arihant Capital
Sir, what are the new -- can you talk a little more about the bid pipeline and current environment? Are we seeing some slowdown because of the transformer issue?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Abhishek, would you like to answer that?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Come again, please? What is the -- what was the end that you asked?

Bose - Analyst, Arihant Capital
Are we seeing any slowdown because of the transformer issue, transformer availability, some slowdown at the client level? Also, what is the bid pipeline and what is the generally bid conversion ratio?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
So, these contracts that I was referring to where transformers are required, they date back to around January '25. So, we were in a very good position when we had given the purchase orders and we had obviously disbursed some advanced payments as well. Even though Ministry of Finance has

admitted that's a force majeure condition back in April '26, but since we have already booked, we have already given the orders as well as disbursed advances, we are in a good position. And plus, all these orders with NTPC, POWERGRID, we are getting a price variation as well. So, I believe we are in a very comfortable situation right now.

Bose - Analyst, Arihant Capital
What is the capex number for FY '27 and '28?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Sorry, come again.

Bose - Analyst, Arihant Capital
What is the capex number for FY '27 and '28? Any capex required to [Speech Overlap]

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Not really. Apart from the normal computer and may some small capex for the office work, we are not planning to any invest any major amount into capex in the near future.

Bose - Analyst, Arihant Capital
Okay. If anyone has a question, they can raise their hands. As the company scale, do we see ourself as a solar EPC player or a transmission distribution EPC player?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Definitely a transmission and distribution EPC player. And with time, like I said, we keep on diversifying and this is the first time we will be building transmission lines for the TUSCO project that Manish was referring to earlier. Once this project is commissioned, we will be able to bid for transmission line tenders as well in the coming future.

Bose - Analyst, Arihant Capital
One question on the retention money, what kind of retention money we have for our projects, also what is the -- what is -- when the release is likely to happen?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Actually, as per the agreement with various entities, we are having a retention of 30% with state PSUs, 15% with central PSUs. Suppose we are raising an invoice of INR1 lakh in state PSUs, we will just get INR70,000, and in central PSUs INR85,000, after deduction of 15%. 20% is state PSUs, 10% is central PSUs, we will receive in milestones. That will take six months, three months, two months more than that, depending upon the work that is to be completed. And every item supplied has a different timeline because that depends upon the other product that also needs to be supplied and the remaining 10% is state PSUs and 5% in the central PSU we get once the project is completed and handed over.

Bose - Analyst, Arihant Capital
Okay. Is there any risk of write-off in the receivables side because -- and when the trade receivable, when do you see trade receivable back to normalcy?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
No, there is no risk of write-off because we are only dealing with government departments. So, this entire amount is safe and secure. And like I told earlier, we are actually working on that on reducing

our trade retention cycle and which is expected to be complete -- maybe come into a permissible limit by March or maximum by next mid next financial year.

Bose - Analyst, Arihant Capital
In the order book in the IPO document has been shown INR139 crore versus INR327 crores in the Acuite update. What was the added between RHP and any key customer and the date? If you can -- what any [Speech Overlap]

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Please come again with the question.

Bose - Analyst, Arihant Capital
As per the IPO document, our order book was INR139 crores. And as per the Acuite credit rating document, the order book is INR327 crore. Any major order book -- orders which we have added?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yes, we are regularly bidding up the -- for the tenders and we're getting new orders. So, this -- we are -- currently we are having an order book of INR590 crores, out of a certain part have been executed and somewhere around INR350 crores are under executions, are still to be executed. Okay. And we have also bid for new tenders somewhere around INR250 crores, INR275 crores, multiple tenders.

Bose - Analyst, Arihant Capital
Any of the order first is more than 12-month-old with less than 30% executed. What is the reason for their slow moving or is there any dispute on any of the contracts?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
No, like two orders, NTPC and Bikaner. The completion period is three years. So -- and we got this order in I think February or March '25.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Jan '25.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yeah. So, this is that will be definitely less than 30% because the duration is more.

Bose - Analyst, Arihant Capital
Sir, what is our L1 pipeline and generally what is the conversion on the bid submissions?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
It is a -- I mean, it is an online competition. There is no specific number as such, but like I said that we are a very small-scale MSME and we give competition directly to MNCs like Tata and Jakson and Kalpataru. So, obviously, their overheads expenses are way more than us. So that is the upper edge that we hold, but there is no specific percentage of winning chance and tenders.

Bose - Analyst, Arihant Capital
Okay. And sir, most of our projects are likely to be in INR10 crore to INR50 crores range right now. What capabilities or qualification we require to do it to up our ante and participate significantly into 200 and 500 EPC projects and what gaps need to be bridged?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
First of all, I would beg to differ to this question. Mostly our projects are in the range of INR100 crores. Like for instance, Barethi project is about INR117 crore. Bikaner project is around INR137 crore. TUSCO project is somewhere around INR90 crore. And [Speech Overlap]

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
RVNL is around INR65 crore, INR70 crores?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Exactly. So, you can well imagine that all of our projects are way higher. Yes, there are some bay extension jobs that are 765 kV bay extension job, which is around INR20 crore, INR25 crore. But most of the projects are around the INR100 crore gap. And the qualifications that you're asking, so every tender has their own distinct set of financial and technical QR, technical QR requires a similar voltage capacity of substation that was executed in last seven years or 10 years, and obviously there is a financial QR as well. They ask you for a turnover of the estimated value of the tender. And the gaps, like, for instance, this war thing is happening right now, a war is happening earlier where Ministry of Finance had admitted it as a force majeure event.

So, the reason why we're in a comfortable position is because we had these purchase orders given on time and we were able to disburse advances so that we were able to freeze the orders and finalize the deliverables. So that didn't burn our hands in getting a price hike or anything. And even if we -- for instance, structure, structure is where we -- like we took a small dent in regard to pricing, but jobs like NTPC and RVNL that we're having and even PGCIL, all these central PSUs are giving us a price variation. The only firm-price bases are being dealt in UP, in the state utility, which is UPPTCL. But then again, the amount of projects that we're doing with UPPTCL aren't much. Our major -- this thing is with central PSUs only. I hope that answers your question.

Bose - Analyst, Arihant Capital
Thank you very much. What is -- sir, one question on the two projects we are doing. One is the TUSCO project and one -- second one is the RVNL project. When is the date of completion for both of the projects?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
So, both of them have 18 to 24 months. 24 months is for this thing, RVNL project, and 18 months I believe is for the TUSCO project.

Bose - Analyst, Arihant Capital
Chitrakoot.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Yeah, Chitrakoot project. That's right.

Bose - Analyst, Arihant Capital
Okay. Sir, one question from Manish ji. When did you see the cash flow turning positive for our company? Because our cash flow has been continuously negative from FY '22, CFO has been already been negative from '22 to '26.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yeah, we are expecting, like I said, we are working on that and the main reason for negative cash

flows is higher retentions, higher trade receivables. And like I said, we are already working that and we are trying to have it within a specified limit by March '27 or maximum to maximum by September '27. So, by that time, we are expecting the cash flow to be positive.

Bose - Analyst, Arihant Capital
Sir, what is -- on the solar side, which model we are using? EPC developer or IPP equity, what is the general ticket size? And are we doing any projects on the KUSUM side also?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
KUSUM side is purely for solar. We are more into transmission and distribution.

Bose - Analyst, Arihant Capital
Okay.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Scheme that I was mentioning regarding the honorable PM's solar scheme. The reason why I was mentioning that is because the more solar parks are built, the more requirement for transmission company like us will come. So, as you can see in our order book, three projects totaling to around what INR350 crores, we are -- they are all pooling substations. So, some EPC like me is building a solar park and next to it, I'm building the substation.

Bose - Analyst, Arihant Capital
Sir, Crisil still shows our rating to be lower as on August 2026. Is there any account with Canara or ICICI currently SMA tagged or what is the [Speech Overlap]

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
No, it's an INC rating. We had the contract closed down with Crisil, I think two years back. Our current agency is Acuite, who has rated us. So, it's an INC rating and it's not applicable on us. We have already given the NOCs to the Crisil quite a long time back. And so, it's an INC rating, if you go through that. So that will not be applicable. Our current rating agency is Acuite. So, only the rating of Acuite will be applicable on us. [Speech Overlap]

Bose - Analyst, Arihant Capital
Yes, sir.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yeah.

Bose - Analyst, Arihant Capital
And sir, what is the IPO proceed? How much have we spent right now? Any, like, how much money we have disbursed out of IPO money we have received?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
I think the majority of the money has been spent as per the object clause mentioned in the DRHP. We have paid the loans which were there, so our debt-to-equity ratios have come down drastically.

Bose - Analyst, Arihant Capital
And on the GIS substation part, what is the -- we claim to energize UP's first 220 kV GIS substation, what is the GIS pipeline in UP and Bihar under RDSS and intrastate transmission?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
So, currently, like Manish had mentioned you guys that we have submitted bids for worth about INR300 crores. So, out of this INR300 crores, at least three tenders are live at the moment from UPPTCL that we are planning to bid and we are getting a financial bids and everything ready. So, there are about three 220 kV gas-insulated substations that are currently live in UP and UP itself. There are other GIS tenders that are there in Rajasthan as well, RRVPN, if you've heard of.

But we are very selective about the tenders that we are bidding. I mean working capital is always required, and we can't bid here and there. We have to be very focused. So, currently, we are focusing on UP in these three projects since they're near to the headquarter as well. So, these are the tenders that we're focusing. Plus, there are other tenders that like bay extension jobs that power -- that PGCIL has issued, we'll be bidding those tenders as well. They are based out of Bihar, Rajasthan again, but all bay extension jobs, small jobs about INR30 crore, INR40 crores-odd.

Bose - Analyst, Arihant Capital
It's a question has been asked on the customer concentration. Who is our top customer who contribute 65% of revenue in FY '25, what was its shares in FY '26 and how is the payment track record for them? Also, there are top three [Technical Issues]. Is there any [Technical Issues] to bring down to lower than 50% going forward?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
So, the top customer would be NTPC definitely, since we are doing projects worth nearly INR250 crores with them. So, definitely it's going to be NTPC. And the tenders that we have already filed in and waiting for them to be evaluated are approximately INR80 crore, INR90 crore again with NTPC. And this is with NTPC only, no other utility I'm talking about.

Bose - Analyst, Arihant Capital
One question on the EBITDA margin. And this is like top three customer 94%, any plans to -- what was their share of NTPC in FY '26, sir?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
I mean FY '26, I believe, 70%, 75% I would say. Manish sir, please correct me if I'm wrong.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
We need to check that, but yes, the majority [Speech Overlap]

Bose - Analyst, Arihant Capital
Manish ji, any plan to bring down the order of NTPC share going forward?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Like I said, we are looking -- we are eyeing other central PSUs, like we just got one project from railway. We are looking to bid another two, three tenders with them. Then POWERGRID, we have a small project of INR22 crores. We are going -- looking for again to bid tenders more than INR100 crores with them. So, yes, we are definitely looking up to other central PSUs also, but yeah, as on date, NTPC is our major customer.

Bose - Analyst, Arihant Capital
What is the tax rate for FY '27 and going forward? In Q --- FY '25, our tax rate was 34%, then it fall to 19%. What is the reason for there is a decline in the tax rate? And when -- what should I retake it

when you're estimating '27 and '28 numbers?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
The tax rate is below INR500 crore turnover as per income tax is 22% plus surcharge plus the cess which comes to 25.17%. That was applicable for last two years also and unless until we reach INR500 crores that remain the same. Above INR500 crore, the slab will change, but that growth so depend what comes in the future budgets also.

Bose - Analyst, Arihant Capital
Okay.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
But one thing more I'd like to add regarding that realization of the amount, the honorable Finance Minister recently have come up with various schemes for MSME where the PSUs are bound to use TReDS for realization of -- making the payments. So, we are already in talks with the central PSUs and other PSUs to have this applicable on us also, so that the payment is realized shortly. Instead, currently we have to wait for 30 to 60 days for realization of the payment. But once the TReDS comes in, I think the payment was made in 15 days. So, again, it will also help in realization of our money at the earliest.

Bose - Analyst, Arihant Capital
Is there any plan to move into 765 kV or TBCB transmission space? And also, apart from how we are going to reduce our dependency and getting into newer geographies, especially in other areas?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
So, currently, we are working pan-India. I mean, you can see UP, of course, since it's a headquarter. We worked in Bihar. We worked in Uttarakhand before. We are currently working in Rajasthan. We are also currently working in MP. So, as you can see, geographical expansion is pretty much good enough. And what was the question that you were asking earlier?

Bose - Analyst, Arihant Capital
Do the newer segments like -- and the 765 kV segment, first question. And the second question is on getting into the newer geographies.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
So, I've already given you the answer for geographical -- this thing. For 765 kV, we have given already -- we've already participated in about couple of tenders issued from POWERGRID. So, we are already qualifying for it. Each tender stage is about four to six months somewhere around, like if I submit a tender today, then all the technical evaluations and then final financial evaluation, they take at least somewhere between four to five months. So, we're just waiting and keeping our fingers crossed for a good project to come.

Bose - Analyst, Arihant Capital
Yes, sir. If any further questions, we can raise their hands. Sir, there's a question has been asked. You have talked about INR100 crore-plus project. What is the execution timeline and average revenue recognition for those projects? Suppose how much revenue is booked in Q1, Q2, Q3 and how the P&L shaped up?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
So, the timeline is generally two years to three years, and in the first year the revenue generally less because the entire tender is divided to three parts: civil, supply of equipment, and erection and commissioning. But before it comes in, once we get the [Indecipherable] required to make the drawings and have it approved. Generally, it takes around three to four months to make all the drawings and have it approved with the concern departments.

Once the drawing is approved, the civil work start. The civil initially goes at a slower rate. So, yes, the revenue realization in the first year is more. But once the civil is completed at a certain milestone, the supply comes in. So, the major component of any project is supply, normally, say around 70% of the project cost is supply of various equipments. So, the revenue starts once the supply comes in. That generally happens in the second and the last year, depending upon the tenure. So, the revenues first year is generally less, second and third year increases as per the supply.

Bose - Analyst, Arihant Capital
Thank you very much. Sir, there's one question, are we not going to any major capex? What gives us confidence? Are we confident of achieving INR600 crores in next five years? And margins, what is your outlook on the margins '27, 28, '29?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
So, on -- actually there is a price variation clause in central PSUs contracts, which says, in state PSU it is fixed price, irrespectively of any change in the price of the raw material, our price remains fixed. However, in central PSUs, we have a PV clause. So, whenever there is a change in price of raw materials, we get that variation. So, for next two to three years, we are expecting the margin to be at least somewhere around 12% to 13%. It may increase, but yeah, definitely not going to reduce beyond that.

Bose - Analyst, Arihant Capital
So, you are talking about INR40 crore of EBITDA, sir, around INR40 crore of EBIT -- INR35 crore to INR40 crore of EBITDA in FY '28.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
I'm talking 12% as PAT.

Bose - Analyst, Arihant Capital
PAT margin, sir, INR35 crore PAT in FY '28, sir.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yeah, at a turnover of somewhere around INR190 crores, we are expecting somewhere around that 24%, 25% PAT.

Bose - Analyst, Arihant Capital
INR24 crore, INR25 crore of PAT?

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Yes, at a ratio of 12% to 13%.

Bose - Analyst, Arihant Capital
Okay. And that next year at INR280 crore or INR250 crore which you [Speech Overlap]

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
For next two, three years, we are expecting at least it will not go beyond that, it may increase. But yes, with a pessimistic view, it will be somewhere around 12% to 13%.

Bose - Analyst, Arihant Capital
Are we doing anything on the EV charging side also? Can you talk more about it to what exactly we are doing, sir?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
So, we did one contract again, it was with NTPC. We had supplied around 15 chargers of 140 kilowatt each, and it was -- again, it was a turnkey contract. We had to develop the whole station and then finally supply the chargers. So, there were about 15 pieces of 140 kilowatt. This was commissioned in 2023, yeah, and we haven't bidded for any tender after that in reference to EV charging.

Bose - Analyst, Arihant Capital
Thank you very much. Any closing comments, sir?

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
I think that'll be all from my end.

Bose - Analyst, Arihant Capital
I would like to -- that's it from our side. I would like to thank the management of Safety Controls & Devices Limited. I would also like to thank all the participants. We'll be happy to connect you with the management at any point of time if you have any query. We have -- we've been tracking this company in the soft basis. Thank you very much. And thank you, Abhishek ji and Manish ji, for being there on the call.

Abhishek Chopra - Whole-Time Director, Safety Controls & Devices Ltd
Thank you.

Manish Manocha - Financial Advisor, Safety Controls & Devices Ltd
Thanks, all.

Bose - Analyst, Arihant Capital
Thank you.